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June 16, 1992

Ms. Donna R. Searcy  
Secretary  
Federal Communications Commission  
Room 222  
1919 M Street N.W.  
Washington, DC 20554

Re: Billed Party Preference  
for InterLATA Calls  
CC Docket No. 92-77

Dear Ms. Searcy:

Enclosed is an original for filing and five copies of the reply comments of the Consolidated Companies. Please date stamp and return one copy for our file.

Thank you for your assistance in this matter.

Sincerely,

Ellyn Elise Crutcher

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D. C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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In the Matter of	)	
	)	
Billed Party Preference for	)	CC Docket No. 92-77
InterLATA Calls	)	
	)	

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JOINT REPLY COMMENTS OF  
CONSOLIDATED COMMUNICATIONS OPERATOR SERVICES, INC.  
ILLINOIS CONSOLIDATED TELEPHONE COMPANY  
CONSOLIDATED NETWORK INC.  
AND  
CONSOLIDATED COMMUNICATIONS PUBLIC SERVICES

Consolidated Communications Operator Services Inc. ("CCOS"), Illinois Consolidated Telephone Company ("ICTC"), Consolidated Network Inc. ("CNI") and Consolidated Communications Public Services ("CCPS") hereby submit their reply comments in response to the Commission's Notice of Proposed Rulemaking ("NPRM") in the above-captioned proceeding released May 8, 1992.

INTRODUCTION

CCOS is a provider of wholesale operator services to retail operator service providers. Although CCOS was not formed until 1988, its underlying operations provided by its affiliate company, ICTC, draw upon nearly 100 years of experience in providing operator assistance in telecommunications. ICTC is a local

exchange telecommunications company in East Central Illinois with approximately 78,000 access lines in 37 exchanges with an average density of 25 access lines per square mile. It has retained its highly qualified operator workforce by offering competitive services, despite the significant loss of AT&T interLATA operator traffic in October 1989. In January, 1991, ICTC issued its own calling card to its subscribers. CNI is an interexchange carrier with primarily regional operations located in the Midwest, is a member of the National Telecommunications Network and is a so-called "third tier" carrier competing to be the presubscribed carrier at hospital, university and hospitality locations, as well as on a 1+ or a 0 basis for business and residence customers. CNI is an active member of CompTel and OSPA. CCPS is a provider of public telephone services in Illinois. This unique group of companies ("Consolidated Companies") are owned in common by Consolidated Communications Inc. and jointly file these comments to describe to the Commission the impacts its proposal and decisions in this docket can have on each entity.

#### BACKGROUND

The Commission has tentatively concluded that "billed party preference for all 0+ interLATA calls is in the public interest".<sup>1</sup> While the Commission explores the feasibility of a billed party preference system, it has recognized that the system will take some

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<sup>1</sup> Notice of Proposed Rulemaking in CC 92-77 released May 8, 1992 at para 13.

time to implement and therefore, is seeking comment on interim measures that would "deny AT&T the ability to derive any competitive advantage from its proprietary card."<sup>2</sup> One approach is to make billing and validation data available for any card that can be used by dialing 0+.<sup>3</sup> The other interim measure is to restrict proprietary card calling to access code calling such as 1-800 or 950.<sup>4</sup>

The Consolidated Companies actively participated in CC Docket No. 91-115 and previously advocated use of one of the interim steps the FCC has under consideration in this docket: nondiscriminatory access to all IXCs and OSPs of validation and billing and collection data.

#### ARGUMENT

##### I. An Interim Measure Must Be Adopted to Avoid Re-monopolization of the 0+ Market

Since the filing of the Consolidated Companies comments in CC Docket 91-115 last summer, AT&T's CIID cards have blanketed the market. Predictions on the consequences of permitting the CIID card to be introduced on a proprietary basis usable on a 0+ basis have now been borne out. For example, Consolidated provided the following scenario--

A customer places a mechanized call at a

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<sup>2</sup> Id. at 42.

<sup>3</sup> Id.

<sup>4</sup> Id.

payphone presubscribed to XYZ Company and wants to bill it with an AT&T CIID card. The XYZ Company attempts to validate the call, but cannot because the database containing this number is proprietary. At this point, the customer's call is denied and the customer assumes there is something wrong with the presubscribed carrier, XYZ Company. Next, they will be defaulted to a live operator for assistance in making their call, but the operator will not be able to provide the result they seek either, i.e. use their AT&T CIID card on a "0" or "0+" basis. Very likely, many frustrated callers will complain to the FCC or their local telephone company about XYZ Company, rather than the proprietary card issuer, AT&T.

Without Commission action to assure the needed validation and billing data, CCOS, or its wholesale customers, faces increased and uncontrollable costs and reduced revenues. The first unnecessary expense occurred when a validation attempt on a less-expensive "0" mechanized call did not allow the customer to complete the call. Besides the futile validation attempt, the call is defaulted, involving costly human intervention by live operators. A live operator-assisted call involves as much as five times the cost to CCOS as a mechanized call. This ratio was further increased when operators address customer confusion and lengthened the average work time on calls that they cannot complete. Additional operators for staffing the same number of calls have been needed, involving training expenses and causing many other expenses and overheads to increase. Meanwhile, the increased use of the CNI switch and transmission network during the operator's conversation and eventual hand-off of the call to AT&T has added more expense without producing any offsetting revenue. Additional trunks,

operator equipment and switch capacity have been required. However, at the same time that these significant additional expenses were incurred, the percent of traffic actually completed and the resulting revenue flow has declined precipitously. Although its payphones have been used in frustrated call attempts, CCPS revenues at its payphones have declined, causing it to pay fewer commission dollars to premise owners and unnecessarily motivating those owners to seek the services of the dominant provider, AT&T, to assure commissions are received on all traffic. Meanwhile, AT&T, the "cost-causer", has not incurred any additional expenses, but has unjustifiably reaped increased revenue from the traffic it alone can validate and bill. The eventual demise of AT&T's competitors in the "0+" marketplace can be readily predicted under this scenario without Commission intervention.

II. Billing and Validation Data Are Essential to Fair Competition in the 0+ Market.

AT&T has argued that its CIID card is not a LEC joint-use card although LECs are carrying the intraLATA portion of the traffic generated by customers using the CIID card. The AT&T position that it needs a proprietary card to make certain its customers get charged AT&T rates is fundamentally flawed, since that assurance only holds true within the interLATA market.<sup>5</sup> On the intraLATA and local side, calls are being charged to the CIID card by LECs who have executed agreements with AT&T. AT&T is not assuring the

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<sup>5</sup> NPRM at para 37.

customer that the rate the LECs will charge to handle the intraLATA or local traffic will be equal to AT&T rates.

There is no legitimate reason to treat IXC access to billing and validation information differently when AT&T is dealing with LECs versus IXCs. The Consolidated Companies urge the Commission to find that the provision of billing and validation data on AT&T's proprietary card is in the public interest and find it feasible since AT&T has already implemented such a system with the LECs. The Consolidated Companies' position is reinforced by several RBOCs' initial comments in this docket which maintain that billing and validation for the CIID card is subject to Title II and should be tariffed<sup>6</sup> or that IXCs wanting to offer 0+ dialing with their cards should provide validation for them.<sup>7</sup>

### III. A Dialing Code Solution Will Eliminate The Wasteful Costs Imposed by the CIID Card

The AT&T CIID card is unquestionably a proprietary card. Requiring the use of a proprietary access code would be a rational Commission solution to the anticompetitive impacts of AT&T's launch of its CIID card.

By requiring the use of a 1-800 or 1-950 dialing code for all proprietary cards, the Commission can assure that non-AT&T carriers will not be unfairly burdened with non-productive costs and fallout from customers using the CIID card. The non-revenue generating

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<sup>6</sup> Comments of Bell South Telecommunications, Inc. at 1-2.

<sup>7</sup> Comments of Pacific Bell and Nevada Bell at 1-2.

network, operator and validation expenses described in Section I. of our comments could be eliminated, leaving carriers to compete with each other on the relative merits of each carrier's price and service.

IV. The Commission Should Order AT&T to Remedy Customer Misinformation.

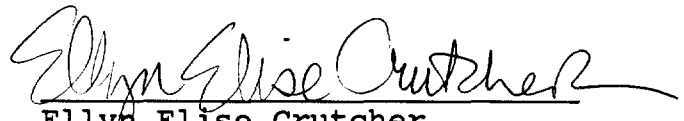
As part of either interim solution discussed above, the Commission should require accurate information be provided by AT&T to consumers who received the CIID cards to correct the inaccuracies described in our comments in CC 91-115. In addition, any further marketing information being sent by AT&T prospectively should be required to accurately reflect the Commissions' requirements. Customers who want LECs and carriers to re-issue cards that they destroyed at AT&T's urging should be able to recover their re-issuance expenses from AT&T.



CONCLUSION

For all the above-stated reasons, the Consolidated Companies request the Commission either mandate the provision of billing and validation data to all IXCs and OSPs without discrimination or adopt a national dialing code that must be used for any proprietary card. Regardless of which solution the Commission adopts, AT&T should be required to stop and/or correct the misleading communications to customers.

Respectfully submitted,

A handwritten signature in cursive script, reading "Ellyn Elise Crutcher".

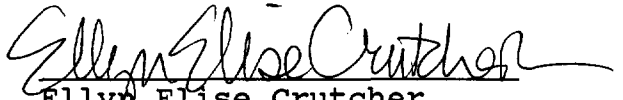
Ellyn Elise Crutcher  
Counsel for the Consolidated  
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Illinois Consolidated Telephone  
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Consolidated Network Inc.  
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Public Services

June 16, 1992

CERTIFICATE OF SERVICE

I, Ellyn Elise Crutcher, hereby certify that a copy of the Joint Comments of Consolidated Communications Operator Services, Illinois Consolidated Telephone Company, Consolidated Network Inc. and Consolidated Communications Public Service were sent on this 16th day of June, 1992, by first class, postage-prepaid mail to those persons listed below:

  
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